

INCOMING TELEGRAM

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Department of State

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FROM: BRUSSELS

TO: Secretary of State

NO: 1829, JUNE 11, 2 P.M.

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ACTION BONN 286, THE HAGUE 221, LONDON 1360, MADRID 11, PARIS 625,
FRANKFURT 20, GENEVA 67, INFORMATION DEPARTMENT 1829.

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REFERENCE: DEPCIRTEL 2083.

PHILIP PATMAN, JOINT CONGRESSIONAL COMMITTEE ON DEFENSE PRODUCTION, STUDYING EFFECTS ON TRADE POSSIBLE DISPOSAL OF SURPLUS STRATEGIC MATERIALS FROM US NATIONAL STOCKPILES. MATERIALS PARTICULARLY INVOLVED ARE ALUMINUM, CHROMITE, COBALT COPPER, LEAD, MANGANESE ORE, MOLYBDENUM, NICKEL RUBBER, TIN, TUNGSTEN, ZINC. HE WISHES TALK WITH AMERICAN AND FOREIGN BUSINESSMEN RE DISPOSALS THAT MIGHT BE MADE WITHOUT ADVERSE MARKET EFFECTS. WOULD ALSO LIKE SPEAK WITH GOVERNMENT OFFICIALS WHO MIGHT INDICATE GENERAL ATTITUDE THEIR GOVERNMENT WOULD TAKE RE SUBSTANTIAL DISPOSALS OF USA IN WESTERN EUROPEAN MARKETS AT PREVAILING MARKET PRICES. PROPOSED BLANKET AUTHORIZATION SUCH SALES BY CONGRESS MAKE IT IMPERATIVE TO ASCERTAIN PROBABLE RESULTS THEREOF AND EFFECTS ON PRESENT FLOW OF TRADE BETWEEN USA AND WESTERN EUROPE.

IN EMBASSY DISCUSSIONS WITH PATMAN, WE HAVE POINTED OUT THAT, PARTICULARLY IN CONTACTS WITH FOREIGN OFFICIALS AND BUSINESSMEN, UTMOST CARE SHOULD BE TAKEN TO AVOID GIVING OPPORTUNITIES FOR DISTORTED CHARGES WE ARE PLANNING DUMPING STOCKPILE SURPLUSES ON WORLD MARKETS, THUS DISRUPTING THOSE MARKETS AND ADDING TO PROBLEMS OF COUNTRIES DEPENDENT ON THOSE PRODUCTS FOR FOREIGN EXCHANGE AND ECONOMIC DEVELOPMENT.

NO MATTER HOW UNFOUNDED SUCH CHARGES WOULD BE, GREAT DAMAGE COULD

State Dept. declassification & release instructions on file

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-2- 1829, JUNE 11, 2 P.M., FROM BRUSSELS

BE CAUSED FOR OUR GENERAL TRADING POSITION, AND ELABORATION OF REASONABLE, RESPONSIBLE PROGRAM OF SURPLUS DISPOSALS WOULD BE MADE MORE DIFFICULT, IF NOT IMPOSSIBLE. HAVE ALSO POINTED OUT NECESSITY ANY SALES SHOULD RESULT IN NET INCREASE OUR TRADING BALANCE RATHER THAN RESULTING IN TRADING SHIFTS WHICH COULD WORSEN OUR BALANCE OF PAYMENTS POSITION.

SCP-EXEMPT.

MACARTHUR

DMJ/PLH

JUN 12 8 45 AM '63
LEGISLATIVE COUNSEL

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